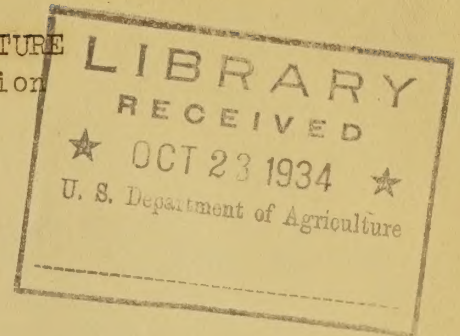


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October, 1934.

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Washington, D.C.



ADJUSTMENT PROGRAM AVERTS TOTAL
LOSSES TO SOUTH DAKOTA FARMERS

Farmers of South Dakota have been saved to the extent of approximately \$56,000,000 from the almost total losses threatened by crop failures in 1933 and 1934 and the low price level of 1932, through direct benefit payments, through price rises resulting from the crop adjustment program of the Agricultural Adjustment Administration, and through other measures and factors that have tended to lift prices and increase farm values of crops.

This amount represents direct and indirect benefits to these farmers, in spite of a decrease of about 88 percent in production of all principal crops.

Over half of this \$56,000,000, or \$28,106,596.47, is available to the stricken farmers of South Dakota in direct benefits, paid or payable in cash by the Government, because of their participation in crop adjustment programs for wheat and corn and hogs.

The remainder, more than \$27,000,000, represents price advance gains which partially compensated for loss in production. These gains were from higher prices brought about either directly or indirectly by the adjustment program, drastic readjustment of supply by drought, and national recovery measures.

The \$28,106,596.47 in direct benefits was earned by South Dakota farmers in rental and parity payments on wheat contracts, in rental and benefit payments under corn and hog contracts, and in direct purchases of hogs by the Government under the adjustment program.

In addition to these benefits, farmers of the state obtained corn loans to the total of \$1,500,000 from the Government.

Farmers of South Dakota cooperating with the Government in adjustment programs signed 49,397 wheat contracts and 50,000 corn and hog contracts.

WHEAT

Direct Benefits Are \$10,435,000

Direct benefits to South Dakota wheat farmers under the adjustment program amount to \$10,435,000 in rental and parity payments, of which \$5,130,000

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was applicable on the crop season of 1933, and \$5,305,000 on the 1934 crop. Of the total there had been paid by August 31, 1934, the sum of \$3,640,443 in cash to contracting farmers.

1934 Price Still Higher

Comparing the past three crops on the basis of cash income, the crop insurance feature of the benefit payments becomes apparent. In 1932, before the adjustment program began, a crop of 53,468,000 bushels returned income of \$13,325,000. The 1933 crop of only 5,120,000 bushels returned income of only \$316,000. However, to this is added \$5,130,000 in rental and benefit payments, which brings the total cash income to \$5,446,000. Thus, while the crop declined 90 percent in volume, the cash income declined only about 60 percent because of these payments and because the price of wheat rose from 34 cents per bushel to 64 cents per bushel. The 1934 crop is estimated at 2,910,000 bushels, not enough for seed needs, and consequently productive of no net cash income. However, rental and benefit payments of \$5,305,000 will be paid to producers this fall and winter, holding cash income from wheat at the 1933 level, and at about 60 percent of the 1932 level.

CORN AND HOGS

Direct Benefits Are \$14,100,000

Direct benefits to South Dakota farmers who participated in the adjustment program amount to \$14,100,000 in rental and benefit payments. Of this total, \$5,400,000 was earned under corn contracts and \$8,700,000 on hog contracts.

Hog Purchases Total \$3,481,596.47

Through direct purchasing of hogs in connection with the adjustment program South Dakota farmers received from the Government \$3,481,596.47 for 807,762 hogs. It is estimated that this represented a premium of one-third over prevailing markets.

Indirect benefits were gained by South Dakota farmers on their corn crop, as a result of a price advance from 25 cents per bushel to 35 cents per bushel between 1932 and 1933. Production decreased from 73 million bushels to 40 million bushels, approximately 85 percent, but the increase in price made up for about half of this loss in volume, as the farm value decreased only 25 percent, from \$18,485,000 to \$14,154,000.

1934 Price Gain Still Higher

The price of corn continued to advance from the 25 cents per bushel of 1932 to 69 cents in 1934, but production also continued to fall off. The estimated 1934 crop was only about one-third the size of that of 1933, yet the higher price gave it a farm value almost as large.

Indirect benefits gained by South Dakota farmers through price advances on their corn crop compensated in some measure for the marked decrease in

production that resulted from drought. While production declined 43 percent, from 73 million bushels in 1932 to 40 million bushels in 1933, the farm value declined only from \$18,485,000 to \$14,154,000--about 24 percent.

The estimated corn production in 1934 in South Dakota will be only 9,114,000 bushels. At prices current in August, this crop has a possible farm value of \$6,288,660. In other words, production has probably declined by 87 percent from that of 1932, but at the same time farm value has declined only 66 percent.

Producers will also receive rental and benefit payments which will add to the value of the 1934 crop. Adding these payments brings the total to \$11,688,000, or only one-third less than the value of the 1932 crop.

OATS, BARLEY, FLAX

Price Advances Save \$4,572,790

Advances in the prices of oats, barley, and flax amounted to \$4,572,790 in crop values as an offset from the losses that would have been sustained as production of these crops dropped 88 percent from 1932 volume. The largest decrease in production occurred between 1932 and 1933. Estimates on the 1934 crop indicate slight differences between its volume and that of 1933, while prices for 1934 will give higher gross values than those of 1933.

Oats Price Difference \$2,210,240.

The price difference on oats to South Dakota farmers for 1933 and 1934 amounts to \$2,210,240, as compared with 1932 prices for the crops produced. The price advanced from 10 cents in 1932 to 37 cents in 1933 and to 46 cents in 1934. The difference of 17 cents added \$887,400 to the value of the 1933 crop, and the potential difference of 36 cents adds \$1,372,840 to the value of the 1934 crop. The production dropped from 75,432,000 bushels in 1932 to 5,220,000 bushels in 1933 and 3,674,000 in 1934.

Barley Price Gains \$2,190,050

The price difference in 1933 and 1934 on barley produced by South Dakota farmers amounted to \$2,190,050. The price was 16 cents per bushel in 1932, 36 cents in 1933, and 61 cents in 1934. Production was about the same in 1933 and 1934, dropping from 47,030,000 bushels in 1932 to 3,451,000 in 1933 and 3,333,000 in 1934. The difference of 20 cents per bushel in 1933 amounted to \$690,000, and the difference of 45 cents on the 1934 crop was \$1,499,850.

Flax Price Difference \$172,500

The flax price rise from 81 cents per bushel in 1932 to \$1.53 in 1933 and \$1.73 in 1934 compensated farmers to the extent of \$172,500, or \$80,500 and \$92,000 for the two years respectively, for a decrease in production of about 85 per cent from 1932.

HAY, POTATOES

Higher Hay Price Adds \$6,525,400

Higher prices for hay in 1933 and 1934 added a total of \$10,975,900 to the value of the crops for South Dakota farmers, and although there was a decrease in production from 1932 amounting to 42 per cent on the 1933 crop, and an even greater decrease for 1934, the advance in prices was enough to give the 1933 crop a gross value almost equal to the large 1932 crop, and the 1934 crop a gross value exceeding it by one-third. The price advanced from \$3.70 in 1932 to \$5.60 in 1933 and to \$12.40 in 1934, and the difference in value because of this increase was \$2,671,400 in 1933 and \$4,736,000 in 1934.

Higher Gross and Net Potato Values

Potato production dropped largely in South Dakota, but price advances were great enough to bring producers gross gains over the total value of the larger crop of 1932. In 1933 production dropped from 5,110,000 bushels to 2,480,000 bushels, but the price advanced from 25 cents to 75 cents. The gross value increased from \$1,278,000 to \$1,860,000.

WOOL, OTHER CROPS

Wool Gross and Net Gains Large

Large gains were made both in gross and net returns on wool produced by South Dakota farmers. The crop was 5 per cent larger in 1933 than in 1932 and the price advanced from 8 cents per pound in 1932 to 20 cents per pound in 1933. The gross gain in value of the crop was \$1,136,000, and the net gain, due to the advance in price, was \$1,104,000.

Variations in Other Products

Other crops and farm products raised by South Dakota farmers differed in volume and in value, but the differences did not, to any important extent, affect the gross crop values for the State or the receipts of its farmers. Production of sweet clover seed decreased, but the loss was more than made up by the price advance; alfalfa seed production increased considerably, but there was a slight decline in price; poultry and eggs gained slightly in production, but a slight price decline offset this gain; the same was true of milk production and prices.

Drought Cattle Buying:

South Dakota farmers have faced droughts before, but never one so extensive and lasting as that of the past year. But never before has the Government inaugurated such a comprehensive and swift-moving plan for drought relief, as was made possible by the Agricultural Adjustment Act and the Adjustment Administration. Buying cattle for which producers had no feed, and utilizing the edible purchases for relief distribution alleviated to some extent the drought's impact on South Dakota farmers.

As a part of the payments received for such cattle have been in the form of benefit payments, producers have had some clear cash, despite indebtedness against the livestock. To September 21, vouchers have been issued to 49,835 South Dakota producers for the purchase of 714,105 head of cattle. The purchase payment for these cattle amounted to \$6,701,945, and the benefit payments to \$3,509,320.

